
By: **Delegates Sossi, Barkley, Boschert, Costa, Impallaria, Smigiel, and Walkup**

Introduced and read first time: February 5, 2003

Assigned to: Ways and Means

A BILL ENTITLED

1 AN ACT concerning

2 **Income Tax - Subtraction for Retirement Income**

3 FOR the purpose of altering the computation of a certain subtraction modification
4 allowed under the income tax for certain retirement income of individuals who
5 are at least a certain age or who are disabled or whose spouses are disabled;
6 providing for the application of this Act; and generally relating to a subtraction
7 modification under the income tax for certain individuals for certain retirement
8 income.

9 BY repealing and reenacting, with amendments,
10 Article - Tax - General
11 Section 10-209
12 Annotated Code of Maryland
13 (1997 Replacement Volume and 2002 Supplement)

14 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
15 MARYLAND, That the Laws of Maryland read as follows:

16 **Article - Tax - General**

17 10-209.

18 (a) In this section:

19 (1) "employee retirement system" means a plan:

20 (i) established and maintained by an employer for the benefit of its
21 employees; and

22 (ii) qualified under § 401(a), § 403, or § 457(b) of the Internal
23 Revenue Code; and

24 (2) "employee retirement system" does not include:

- 1 (i) an individual retirement account or annuity under § 408 of the
2 Internal Revenue Code;
- 3 (ii) a Roth individual retirement account under § 408A of the
4 Internal Revenue Code;
- 5 (iii) a rollover individual retirement account;
- 6 (iv) a simplified employee pension under Internal Revenue Code §
7 408(k); or
- 8 (v) an ineligible deferred compensation plan under § 457(f) of the
9 Internal Revenue Code.

10 (b) To determine Maryland adjusted gross income, if, on the last day of the
11 taxable year, a resident is at least 65 years old or is totally disabled or the resident's
12 spouse is totally disabled, an amount is subtracted from federal adjusted gross
13 income equal to the lesser of:

14 (1) the cumulative or total annuity, pension, or endowment income from
15 an employee retirement system included in federal adjusted gross income; or

16 (2) AN AMOUNT EQUAL TO TWICE the maximum annual benefit under
17 the Social Security Act computed under subsection (c) of this section, less any
18 payment received as old age, survivors, or disability benefits under the Social
19 Security Act, the Railroad Retirement Act, or both.

20 (c) For purposes of subsection (b)(2) of this section, the Comptroller:

21 (1) shall determine the maximum annual benefit under the Social
22 Security Act allowed for an individual who retired at age 65 for the prior calendar
23 year; and

24 (2) may allow the subtraction to the nearest \$100.

25 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
26 July 1, 2003, and shall be applicable to all taxable years beginning after December 31,
27 2002.